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Tonya K. Flesher

Carole B. Cheatham

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Education

“RELEVANT PROFESSIONAL EXPERIENCE” IN MANAGERIAL ACCOUNTING

Editor:
Tonya K. Flesher, CPA, Ph.D.
The University of Mississippi
University, MS 38677

By Carole B. Cheatham

Standard III (3) of the American Assembly of Collegiate Schools of Business (AACSB) Accreditation Standards for accounting programs says:

A significant proportion of all faculty should strive to obtain relevant professional accounting experience regularly throughout their professional careers. “Regularly” means at least sixty days of experience within the most recent five-year period. “Relevant” means the experience should be related to the subject matter content of the courses generally taught by the faculty member.¹

This standard is sometimes difficult to meet for faculty members who teach in the managerial accounting area. Although public accounting firms have provided some opportunities in the form of faculty internships for faculty teaching in the financial accounting area, there are very few comparable opportunities with industrial firms.

Part of the problem is that the experience requirement is relatively new, and opportunities have not yet

developed. The Standards for Accreditation of Accounting Programs were approved by the Accreditation Council of the AACSB on June 13, 1980.² Prior to that time, there was no formal requirement that accounting teachers have professional experience.

For schools offering five-year accounting programs, the standards require that 40% of the full-time equivalent faculty who teach courses offered in the first three years have relevant experience, and that 60% of the full-time equivalent faculty who teach courses offered in the last two years have relevant experience.³ In order for this proportion of the faculty teaching managerial courses at most schools to meet the experience requirement, some initiative will be necessary on the part of accounting administrators and individual faculty members. Some of the problems include finding opportunities, formulating short-range projects for faculty to pursue when working with industrial firms, and setting guidelines for the employer firm and the faculty participant.

Finding Opportunities

Hardly anyone in or out of the teaching profession would deny that having relevant professional experience is a worthwhile attribute for any professor. However, finding a means to gain the experience is often difficult. It is a little like asking an accountant in industry or public accounting to take off time to do a stint of practice teaching. In the case of managerial accounting, it is like asking that they not only do some practice teaching but also find a school that is willing to have them.

As an accounting teacher in the managerial area, I found myself looking for ways to meet the experience requirement last year. Through contacts with faculty members at another school, I was able to set up a two-week internship during the summer of 1983 with an Arkansas food processor under the direction of their Vice President of Finance. This proved to be a beneficial experience for me and, I hope, for the firm.

The experience requirement can be met in a variety of ways. The standard itself cites consulting, serving on technical committees, serving on boards of directors, and developing case material as acceptable ways to gain relevant experience. However, there are many managerial accounting teachers who will not be able to fully meet the standard through these avenues. For most, technical committees and board of directors meetings will take only a few days a year. Many are not engaged in writing case books, and many have not developed consulting activities. In fact, in some schools consulting activities have been discouraged as being distractions to the main business of teaching. For many faculty members, meeting the standard will require some effort.

One logical method is for accounting administrators and individual faculty members to approach industrial firms and solicit internships or other short-range employment for faculty. Personal contact would seem the best way to approach firms. Contact can be made with firms which hire the school's students and/or contribute support to the school. Other contacts can be made through organizations such as National Association of Accountants.

A key ingredient in the contact should be stressing the benefits to the firm. For companies which hire the school's students, one benefit is hiring students who have been taught by teachers with a more practical view of the business world. In addition, teachers with positive experiences with industrial firms may be more willing to recommend that type of firm to a student seeking employment.

Besides such indirect benefits, firms should be made aware of the immediate direct benefits of having the expertise of the faculty member for a period of time. In spite of "ivory tower" accusations, managerial accounting professors do have a lot to offer a firm. Professors can bring a variety of problem-solving tools to the job and can offer fresh approaches that may not be apparent to someone engaged in the day-to-day activities of the business.

Formulating Short-Range Projects

Part of the problem with a faculty member working for short periods of time with industrial firms is that it is hard to get started on a meaningful project. Unless the faculty member has worked for a similar firm in the past, there is some orientation period. It requires some thought to arrive at a task that is worthwhile, fits the time period, and does not require that the teacher be completely familiar with that particular business.

In the case of the firm I worked with, I spent two days talking with the Vice President of Finance and the cost accountant, touring the plant, reading the cost accounting manual from their trade association, and learning about the business. After this orientation period, the Vice President of Finance and I discussed several projects that I might undertake. The project that we decided on was the designing of a system to trace product through the plant. Although the firm did trace product until it entered the doors of the plant and did have adequate controls on finished product in the warehouse, they felt a better system was needed for their packing process. The Vice President and I further agreed that the output of my efforts should be a written report to him with a copy to go to the Director of the School of Accountancy where I teach.

The most obvious benefit of faculty internships is a more realistic view of the work world.

Although my experience worked well, I think the ideal situation would be for the firm and the faculty member to agree ahead of time on a project. If this were the case, the faculty member could be doing some reading and/or research before beginning work. In addition, it might prevent a situation in which the faculty member arrives on the scene and no one knows what to have him or her do.

The project that I worked on proved to be somewhat ambitious for the two-week period I was to work. However, the cost accountant worked with me a great deal. Fortunately, the firm did have a strong commitment to having a good product tracking system and was willing to invest some time in the project. One of the worst things that could happen in an internship situation would be for the faculty member to be given "busy work." Not only would it not be meaningful to either the business or the faculty participant, but members of the firm would most likely resent helping the faculty member.

In my case, I spent time viewing the production process and talked with the cost accountant and Vice President at length about possible approaches. Then I spent two days writing my report. I completed the report and submitted it to the Vice President the day before I left. He read it and we discussed it. We felt that the system was feasible and cost effective, and he indicated they would start using it the following week. The company management preferred that cost data be omitted from the copy of the report I gave to the Director at my school. With this omission, I submitted a copy to my Director when I returned.

Setting Guidelines

Although my personal experience with an internship was very positive, I can see that problems could occur if the faculty participant and the host firm do not have an understanding about certain aspects of the internship. The following are areas where some agreement or guidelines seem necessary.

Projects. As indicated above, a reasonable project should be agreed upon. The project should be something that is worthwhile to the firm and within the capabilities of the professor. If there is to be a certain output, such as a report, this should be understood by both parties.

Time Period. One consideration in developing opportunities for faculty members is the time period. Sixty days every five years can be divided a variety of ways — sixty days at one time, two thirty-day periods, twelve days a year, etc. Meeting the requirement by working part time is also possible. In deciding on a time, the faculty member must look at teaching assignments and family responsibilities. The firm's time considerations include schedules of key personnel and the time required to complete projects that the faculty member may be working on.

Salary. It should be understood by both parties what salary will be paid and what expenses will be reimbursed, if any. For the faculty member, pay should be a secondary concern to gaining the experience. Professors with successful consulting experience can require appropriate fees, but this is not the group that will have difficulty meeting the experience requirement. For those who have done little consulting, even an "expenses only" basis may be appropriate. However, it seems that some remuneration should come from the firm because "free help" sometimes translates as "worthless help." Some financial commitment probably means better utilization of the faculty member's talents.

Work Place. An appropriate work place should be provided. Having a desk and the usual office supplies is necessary for the intern to function. If a desk cannot be provided, then a conference room table or other area should be set aside for his or her use.

Commitment to the Project. Both the professor and the firm personnel should have a commitment to the project. Firm personnel should be aware that it will be necessary to spend some time working with the faculty intern. However, the faculty intern should recognize that the staff have their regular tasks to perform and should not demand more time than necessary, particularly during peak work load periods. In addition, the faculty member should expect to work on the same schedule as members of the firm.

Benefits to the Faculty Member

The benefits of faculty internships with industrial firms are many. The benefits to the firm were alluded to earlier. However, the faculty member also has much to gain from the experience.

One benefit is that the teacher gains material for cases, class illustrations, and problems. Giving tangible illustrations gives life to an otherwise dull lecture or exercise. Referring to lumber is more interesting than talking about direct material. Talking about a lathe operator is more exciting than discussing direct labor. Anything that helps the students visualize the process aids interest and learning.

The teacher also gains material for use in research and writing. Most teachers are under some degree of pressure to publish. Accreditation standards require scholarly research, and school administrations encourage it by at least partially basing promotions, tenure, and raises on research. Therefore, having fresh ideas for writing brings very personal benefits to the professor. However, giving the professor a new perspective also benefits those who read articles in scholarly journals. The editors of most journals are looking for and encouraging manuscripts with a practical emphasis because so few people outside the academic world will write.

The most obvious benefit of faculty internships is a more realistic view of the work world to be faced by the faculty member's students. Probably most faculty who teach in the managerial area have worked in industry at sometime in their lives. However, it may have been several years in the past, and conditions are constantly changing.

Although gaining relevant professional experience in the management accounting area may require some initiative, the benefits are well worth the effort. Rather than view the experience requirement in a negative fashion, managerial accounting teachers should accept it as a positive incentive for updating their skills. Ω

NOTES

¹Accreditation Council Policies, Procedures, and Standards, 1982-83, American Assembly of Collegiate Schools of Business, p. 39.

²*Ibid.*, p. 31.

³*Ibid.*, p. 39.



Carole B. Cheatham, Ph.D., CPA, is professor of accountancy at Mississippi State University. She is a former associate editor of *The Woman CPA*, is the author of a book entitled *Cost Management For Profit Centers*, and has published in various accounting journals.

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